



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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ASST. AUDITOR-CONTROLLERS

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MARIA M. OMS

March 5, 2009

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM:

Wendy L. Watanabe
Auditor-Controller

A handwritten signature in blue ink, reading "Wendy L. Watanabe", is written over the printed name and title.

SUBJECT: **DOOR OF HOPE COMMUNITY CENTER, INC. CONTRACT REVIEW –
A COMMUNITY AND SENIOR SERVICES WORKFORCE INVESTMENT
ACT PROGRAM PROVIDER – FISCAL YEAR 2008-09**

We completed a program, fiscal and administrative contract compliance review of Door of Hope Community Center, Inc. (Door of Hope or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

Background

CSS contracts with Door of Hope, a private non-profit organization to provide and operate the WIA Youth Program. The WIA Youth Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. Door of Hope's office is located in the First District.

Door of Hope is compensated on a cost reimbursement basis and has a contract for \$175,000 for Fiscal Year 2008-09.

Purpose/Methodology

The purpose of the review was to determine whether Door of Hope complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and

County guidelines. In addition, we interviewed a number of the Agency's staff and clients.

Results of Review

Generally, Door of Hope provided the program services to eligible participants and maintained sufficient internal controls over its business operations. However, Door of Hope billed CSS \$2,675 in questioned costs.

Details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with Door of Hope on January 26, 2009. In their attached response, Door of Hope indicated that they are waiting for CSS' response. Door of Hope requested approval from CSS to charge \$2,675 in tuition payments against their participant wages budget. According to CSS management, Door of Hope was not authorized to bill tuition payments as participant wages and will be required to repay the County \$2,675 in questioned costs.

We thank Door of Hope for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia D. Banks, Director, Department of Community and Senior Services
Shirley Melendez, President, CEO and Chairperson, Door of Hope Community
Center, Inc.
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
DOOR OF HOPE COMMUNITY CENTER, INC.
FISCAL YEAR 2008-09**

ELIGIBILITY

Objective

Determine whether Door of Hope Community Center, Inc. (Door of Hope or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for ten (42%) of the 24 participants that received services from July through October 2008 for documentation to confirm their eligibility for WIA services.

Results

Generally, Door of Hope maintained adequate documentation to support the eligibility of the ten participants sampled.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Verification

We reviewed the documentation contained in the case files for ten (42%) participants that received services from July through October 2008. We also interviewed four participants/guardians.

Results

The four participants/guardians interviewed stated that the services they received met their expectations. In addition, Door of Hope provided the services in accordance with the County contract and WIA guidelines.

Recommendation

There are no recommendations for this section.

PERFORMANCE OUTCOME

Objective

Determine whether Door of Hope met the planned performance outcomes as outlined in the County contract. The performance outcomes included measuring the number of participants that enrolled in the program, exited the program, completed training and/or gained employment.

Verification

At the time of our review, the performance outcomes for Fiscal Year (FY) 2008-09 were not available. As such, we compared the reported FY 2007-08 actual performance outcomes to the planned performance outcomes outlined in the County contract.

Results

Door of Hope met all the FY 2007-08 planned performance outcomes as outlined in the County contract.

Recommendation

There are no recommendations for this section.

CASH/REVENUE

Objective

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed Door of Hope's bank activity for July and August 2008.

Results

Generally, Door of Hope maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT

Objective

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support 19 non-payroll expenditure transactions billed by Door of Hope for July and August 2008, totaling \$7,001.

Results

Door of Hope billed Community and Senior Services (CSS) twice for the same expenditures, billed CSS for fines and penalties, and billed CSS FY 2007-08 program expenditures in FY 2008-09. The total questioned cost was immaterial. However, Door of Hope management should bill CSS for actual and allowable program expenditures incurred during the current contract year as required by Part C, Section 1.0 and 1.2, and Part D of the Auditor-Controller Contract Accounting and Administration Handbook. A similar finding was also noted during the prior year's monitoring review.

Recommendation

1. Door of Hope management bill CSS for actual and allowable program expenditures incurred during the current contract year.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE

Objective

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals and conducted an on-site visit.

Results

Generally, Door of Hope maintained sufficient internal controls over its business operations and complied with other program and administrative requirements.

Recommendation

There are no recommendations for this section.

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether Door of Hope's fixed assets and equipment purchases made with WIA funds are used for the WIA program and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we performed an inventory and reviewed the usage of ten items purchased with WIA funds, totaling \$5,583.

Results

Door of Hope used the equipment purchased with WIA funds for the WIA program and the assets were safeguarded.

Recommendation

There are no recommendations for this section.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll expenditures were appropriately charged to the WIA program. In addition, determine whether the Agency obtained criminal record clearances and verified employability for the employees assigned to the WIA program.

Verification

We traced the payroll expenditures invoiced for seven employees totaling \$10,328 for August 2008 to the Agency's payroll records and time reports. We also interviewed one staff member and reviewed the personnel files for five employees assigned to the WIA program.

Results

Generally, Door of Hope appropriately charged payroll expenditures to the WIA program. In addition, Door of Hope obtained criminal record clearances and verified employability for the five employees assigned to the WIA program.

Recommendation

There are no recommendations for this section.

COST ALLOCATION PLAN**Objective**

Determine whether Door of Hope's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

Verification

We reviewed the Cost Allocation Plan and a sample of expenditures incurred by the Agency in July and August 2008 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

Generally, Door of Hope's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

There are no recommendations for this section.

CLOSE-OUT REVIEW**Objective**

Determine whether the Agency's FY 2007-08 final close-out invoice reconciled to the Agency's financial accounting records.

Verification

We traced Door of Hope's FY 2007-08 general ledger to the Agency's final close-out invoice for FY 2007-08. We also reviewed a sample of expenditures incurred in July and August 2007, and March, April, May and June 2008.

Results

Door of Hope billed CSS \$2,675 in tuition payments as participant wages. Door of Hope's FY 2007-08 County contract approved budget did not include a budget for tuition payments. According to Agency management, CSS verbally approved the Agency to charge tuition payments against the participant wages budget. However, according to CSS management, Door of Hope was not authorized to bill tuition payments as participant wages without an approved budget modification.

Recommendations

Door of Hope management:

- 2. Repay CSS \$2,675.**
- 3. Obtain a budget modification when moving funds within an approved budget as required by the County contract.**

DOOR OF HOPE COMMUNITY CENTER

"Where Hopes Become Reality"

1414 S. Atlantic Blvd.
Los Angeles, CA 90022
(323) 262-2777 Fax (323) 262-3610

February 2, 2008

Wendy L. Watanabe, Acting, Auditor-Controller
Department of Auditors-Controller
Countywide Contract Monitoring Division
350 S. Figueroa Street, 8th Floor
Los Angeles, CA 90071

Attn: Yoon Bae

Dear Yoon Bae,

This letter is in response to your monitoring visit that was conducted for our Workforce Investment Act (WIA) Youth Program for FY 2008-09. The Auditor Controller's Monitoring Division observed the following that required our correction action:

EXPENDITURES/PROCUREMENT

Recommendation

1. Door of Hope management bill CSS for actual and allowable program expenditures incurred during the current contract year.

Corrective Action Plan

Door of Hope will pay back CSS.

CLOSE OUT REVIEW

Recommendations

Door of Hope management

2. Repay CSS \$2,675.

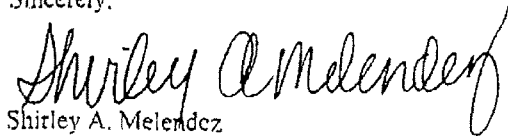
3. Obtain a budget modification when moving funds within an approved budget as required by the County contract.

Corrective Action Plan

Door of Hope is waiting for a response from County.

If you have any questions please feel free to call at 323-262-2777.

Sincerely,



Shirley A. Melendez
President, CEO